

CHAPTER 1

INTRODUCTION AND BACKGROUND

I. PURPOSE OF THE STUDY

In the past two years, Congress has enacted several pieces of legislation which will have significant impacts on the Social Security Disability Insurance (DI) Program and the Supplemental Security Income (SSI) Program. Some of the reforms affect these programs directly (“SSA reforms”), while others have an indirect effect through program interactions (“non-SSA reforms”). The two main pieces of legislation of interest for this report are: the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, which was later amended by the Balanced Budget Act (BBA) of 1997, and the Contract with American Advancement Act of 1996 (P.L. 104-121). PRWORA converted the Aid to Families with Dependent Children (AFDC) program from an open-ended entitlement program into an appropriated block grant program, Temporary Assistance for Needy Families (TANF), incorporating time limits on the receipt of benefits as well as strict work requirements. PRWORA also tightened child eligibility for SSI, narrowed program eligibility for legal immigrants, reduced funding for Food Stamps, targeted funding to family day care homes under the Child and Adult Care Food Program, and enacted reforms in the child care programs and in the Child Support Enforcement Program. In 1996, Section 105 of P.L. 104-121 mandated the removal of persons from the disability programs by January 1997 for whom drug addiction and/or alcoholism (DA&A) contributed materially to the determination of disability. In *Exhibit 1.1*, we summarize the changes to SSA and non-SSA programs. The BBA essentially eliminated the PRWORA restrictions on immigrants who legally entered before the passage of PRWORA.

It is important for SSA to understand the effects of these reforms on the DI and SSI programs, for several reasons. For both budget and operational planning purposes, it is important to develop good estimates of future program participation.³ It is also important to understand how the reforms will affect the composition of program caseloads; for example, are new participants more likely to be young adults, middle-aged, or children? Finally, as time progresses, it will be important to explain changes in participation to policy officials in the Executive Branch and Congress. An understanding of how these reforms are affecting SSA caseloads will enable SSA to better explain the dynamics of program change and will help support the development of policy improvements.

The purpose of this study is to develop options for evaluating the impacts of these reforms on SSA programs. Evaluation options are developed for estimating the impact of the non-SSA reforms alone, and for estimating the *total effect* of all recent SSA and non-SSA reforms. Currently, the impacts of two major SSA reforms have been or are currently being evaluated under separate contracts – the Lewin Group assessed the effects of the DA&A policy change on the existing DA&A caseload, and RAND is evaluating the impact of the new SSI child policy. The options designed under this study build on these efforts.

³ The Office of the Actuary has identified this as an issue that requires further attention, but has not yet incorporated these issues into their projections. For a more complete discussion, see SSA (1998a).

Exhibit 1.1
Major Provisions of Welfare and Other SSA-related Reforms

| SSA related reforms | |
|---|--|
| Supplemental Security Income Changes for Children | <ul style="list-style-type: none"> As of August 1996, the SSA definition of disability for individuals aged 18 and under requires that a child have a medically determinable physical or mental impairment resulting in marked and severe functional limitations. In addition, SSA is required to remove references to "maladaptive behavior" as a medical criterion for evaluating mental disabilities in children. Finally, "Individualized Functional Assessment" was eliminated for evaluating disability for children. This change in definition applies to all new claims. As of July 1997, SSA must redetermine the cases of SSI children whose eligibility might terminate under the provisions of PRWORA. The earliest current recipients may lose their allowances is July 1997. |
| Restriction on Benefits for Aliens | <ul style="list-style-type: none"> As of August 1996, new legal immigrants are not eligible for SSI until they become citizens or attain 40 quarters of Social Security covered employment. Under BBA, aliens who were receiving SSI prior to August 1996 retain their program eligibility. In addition, BBA also allowed individuals who were legally residing in the U.S. prior to August 1996, and who become disabled in the future to obtain SSI. Post-August 1996 qualified aliens are subject to a five-year exclusion from means-tested benefits. Refugees and asylees receive a seven year exemption from the restrictions on aliens for SSI and Medicaid. |
| SSI and DI Changes for Drug Addicts and Alcoholics | <ul style="list-style-type: none"> As of March 1996, SSA must discontinue allowances to claimants whose alcoholism and/or drug addiction is material to their disability. As of January 1997, SSA must remove beneficiaries whose alcoholism and/or drug addiction is material to their benefits. Affected beneficiaries are allowed to request a new determination. |
| Non-SSA related reforms | |
| Temporary Assistance for Needy Families | <ul style="list-style-type: none"> As of July 1997, AFDC open-ended entitlement was eliminated and a state block grant program, TANF, was created to provide time-limited cash assistance for needy families. The time limit under TANF, which also applies to families previously receiving benefits, is five years, though this limit can vary by state. Under TANF, participants must meet certain minimum work (or community service) requirements except in special cases (e.g., parents with infants under the age of one). Medicaid eligibility is delinked from TANF and determined separately by states. TANF eligibility for immigrants will be determined by states. |
| Food Stamps | <ul style="list-style-type: none"> As of July 1997, able bodied childless adults must meet work requirements to be eligible for Food Stamp benefits. This provision requires states to terminate food stamps after three months in any three-year period to individuals between the ages of 18 and 50 who have no dependents, unless these individuals are disabled, working at least 20 hours a week, or participating in an employment and training program. As of August 1996, legal immigrants, with few exceptions, are not eligible unless they become citizens. As of July 1997, persons aged 21 and under who are themselves a parent or married, and who live with a parent, are not counted as their own separate household. |
| Child Support/ Child Protection/ Child Care/ Child Nutrition/ Miscellaneous | <ul style="list-style-type: none"> Each state must operate a child support enforcement program meeting federal requirements. These measures include a national hire reporting system, streamlined paternity establishment, uniform interstate child support laws, computerized state-wide collections, grants for access and visitation programs, and tough penalties which expand wage garnishment and enable states to revoke drivers licenses for delinquent payments. As of October 1997, states must deduct a minimum of 25 percent of TANF benefits from a family's cash assistance grant and may deny cash assistance entirely for failure to cooperate with child support without good cause. States can pay for-profit providers to care for children eligible for child protective services in foster care. As of October 1996, multiple funding sources for child care are consolidated into a single child care fund for TANF participants. As of January 1997, a two-tier system of reimbursements is established for the Child and Adult Care Food Program. As of January 1998, block grants are established for teen pregnancy prevention programs. |

II. PURPOSE OF THE REPORT

This report represents the final report for the project. It contains a synopsis of the findings from all of the major activities conducted for the project, and presents a set of final options for evaluating the effects of the non-SSA welfare reforms on the SSA programs and for evaluating the total effects of both the SSA and non-SSA reforms.

In the remaining sections of this introductory chapter, we provide background on the major SSA and non-SSA reforms and the hypothesized effects of these reforms on the SSA disability programs. We then describe the major activities conducted for the project leading to the development of the final evaluation options. An overview of the remaining chapters of this report appears in the final section.

III. BACKGROUND ON SSA AND NON-SSA WELFARE REFORMS

The changes in DA&A policy and welfare reform will have direct and indirect effects on SSA related programs. The new restrictions on SSI eligibility for children and legal aliens, as well as the change in DA&A policy for SSI and DI participants, should directly reduce both current and future SSI and DI caseloads. In contrast, the welfare reform changes could indirectly increase current and, more likely, future participation in SSA programs because new restrictions in other programs, such as TANF (formerly AFDC) and Food Stamps, may create individual and fiscal incentives, particularly during an economic downturn, that make SSA program participation attractive. Below, we describe the potential direct and indirect effects of the SSA and non-SSA reforms. These effects are summarized in *Exhibit 1.2*. Further information on the history of relevant program legislation, regulations, and court decisions related to these reforms is presented in *Appendix A*.

A. Direct Effects of SSA Reforms

1. SSI Changes for Children

The more restrictive definition of disability for children will reduce the number of children on SSI. As of November 1997, SSA had reviewed cases of 263 thousand children who were affected by the change in definition, of whom 136 thousand received an unfavorable redetermination. In reviewing the redetermination process, however, SSA found problems with many redeterminations and plans to reopen a substantial number of cases. In addition, some families of these children will successfully appeal their termination. In total, SSA (1998b) estimates that after the review and appeals, approximately 36 thousand of those who originally received an unfavorable redetermination will remain SSI eligible. The new definition of disability should also cause new allowances to children to decline. For a more complete discussion of the impacts of the SSI child policy, see RAND (1998).

Exhibit 1.2
Impact of Major SSA and Non-SSA Reforms on SSA-Related Programs

| Provision | Likely Direction & Size of Impact |
|---|---|
| SSI | |
| Change in disability definition for Children | <ul style="list-style-type: none"> Decrease the number of future children who become eligible for SSI. Reduce the number of future potential applicants who would have qualified under the previous definition of disability for children. Decrease the current caseload of SSI children by an estimated 100 thousand cases (SSA, 1998b). |
| Restriction on Benefits for Aliens | <ul style="list-style-type: none"> Decrease the number of future aliens who become eligible for SSI. Reduce the number of aliens eligible for SSI who entered the country after August 22, 1996 or who are "non qualified".¹ |
| SSI and DI | |
| Change in benefits for Drug Addicts and Alcoholics (DA&A) | <ul style="list-style-type: none"> Reduce the number of future SSI and DI awards and discourage some potential future applicants. Reduce the current caseload of SSI and DI beneficiaries (167 thousand SSI beneficiaries and 43 thousand DI beneficiaries as of March 1996) who are drug addicts and alcoholics (Lewin, 1998a). |
| AFDC/TANF | |
| Fiscal effects of the block grant program | <ul style="list-style-type: none"> Increase the number of future SSI and DI beneficiaries by increasing the financial incentive to shift costs to SSA programs, especially during economic downturns. |
| Work requirements/Time Limits | <ul style="list-style-type: none"> Shift some TANF recipients to SSI, if these beneficiaries are having difficulties meeting work requirements. This could include recipients who can not meet work requirements without giving up work that is "off-the-books". Shift some TANF recipients who have exhausted their benefits because of time limits to SSI and/or DI. Increase the number of individuals who will meet the work history requirements of DI in the future. |
| Relatively large SSI payments in comparison to AFDC/TANF payments | <ul style="list-style-type: none"> Shift TANF recipients to SSI, particularly in states with relatively small TANF benefits. |
| Denial of TANF (and Food Stamp) benefits for certain drug-related convictions | <ul style="list-style-type: none"> Shift some potential TANF and Food Stamp recipients with a drug related conviction to SSI (or DI). |
| Food Stamps | |
| Time Limits for Food Stamp benefits | <ul style="list-style-type: none"> May slightly increase the number of disability applicants by those who seek to offset their loss of Food Stamp benefits. This effect may be negligible because of special provisions for people with disabilities. |
| Restrictions on Aliens | <ul style="list-style-type: none"> Limited, if any impact, as a result of changes included in the Agricultural Research Extension, and Education Reform Act of 1998 that as of November 1, 1998, significantly broadened the definition of qualified aliens used in determining food stamp eligibility for non-citizens. |
| Other | |
| Child Support | <ul style="list-style-type: none"> May increase the number of mothers who apply for SSI benefits to avoid TANF penalties for failure to cooperate with child support. This impact will likely be very small.² |

1. Non qualified aliens includes those who are undocumented or permanently residing under color of law (PRUCOL). Qualified aliens includes permanent residents, refugees, asylees, and certain other granted condition entry.
2. GAO recently recommended that cooperation with child support be made a condition of SSI eligibility (GAO, 1999)

2. *Restriction on Benefits for Aliens*

The restriction on SSI benefits for aliens who entered the country after the passage of PRWORA will reduce the number of aliens on SSI. PRWORA made most aliens, with a few exceptions, ineligible for SSI benefits. BBA, however, added several exceptions for aliens, including exclusions for aliens who entered the country prior to August 22, 1996. This action restored benefits to approximately 350 thousand aliens (for a more complete discussion of the impact of welfare reform on aliens, see SSA (1997a) and Kramer (1997). While the BBA changes significantly reduced the impacts of these restrictions on current caseloads, the restrictions on benefits eliminate allowances for future alien beneficiaries. Over time, the cumulative effect of these restrictions might become very substantial.

3. *Change in Benefits for Drug Addicts and Alcoholics (DA&A)*

The prohibition of payment of disability benefits to individuals whose disability is based on DA&A will reduce the number of individuals with DA&A on SSI and DI. In June and July 1996, SSA sent benefit termination notices to 167 thousand SSI beneficiaries and 43 thousand DI-only beneficiaries designated as DA&A beneficiaries. Any individual who received a notice had the right to appeal their termination or file a new application for disability benefits based on another health condition. As of December 1997, benefits had been terminated for approximately 108 thousand of the targeted SSI recipients and 31 thousand of the DI-only beneficiaries. Perhaps 20 to 30 percent of these beneficiaries, however, would have left the rolls anyway during this period. For a more complete discussion of the impacts of the DA&A policy, see Lewin (1998a).

B. Indirect Effects of Non-SSA Reforms

1. *AFDC/TANF Changes*

We identified five potential indirect effects of the AFDC/TANF changes on disability programs. The first four potential effects are likely to create movements from AFDC to SSI or DI. The final potential effect may create some shifting in costs across SSI and DI.

First, the change from open ended funding on a matching basis for AFDC to cash assistance block grants for TANF may shift some AFDC/TANF recipients to SSA disability rolls because of changing fiscal incentives and obligations, particularly during an economic downturn. The change from the state/federal sharing arrangement under AFDC to the block grants of TANF has increased the financial incentive for states to shift welfare costs to SSI. In the past, some states and localities have aggressively “shifted” welfare expenditures onto the federal government through identification of and outreach to potential SSI and DI recipients (Lewin, 1995a; Coughlin, et. al., 1994). Increased shifting may be delayed because the economic expansion has alleviated strains on state budgets, but this situation may change substantially in an economic downturn. For example, Kubik (1997a) finds an increase in the number of SSI child recipients in states that coincidentally experienced unexpected increases in state expenditures at the time of the *Zebley* decision in 1990. States that have been the most aggressive in the past may be unable to increase shifting to SSI appreciably, but others may have substantial success.

These problems will be exacerbated if states run out of TANF funding to support their caseloads. In these states, TANF benefit levels may be scaled back and/or some recipients will be cutoff totally from benefits. TANF recipients who are cutoff because of state fiscal problems may be induced to apply for disability benefits.

Second, the tougher TANF work requirement and time limit provisions may shift some AFDC/TANF recipients who are having difficulties meeting these requirements to SSI. AFDC/TANF recipients who are having difficulties meeting work requirements may be induced to apply for SSI benefits, particularly if they have some type of work limitation. Similarly, those who cannot fulfill their work requirements and have exhausted their benefits because of time limits may search for alternative sources of non-time limited transfer income such as SSI. Recent studies of the prevalence of disability in the adult AFDC population found that 11 percent of recipients have a work limiting disability and 19 percent have a functional impairment (Wolfe and Hill, 1993; Adler, 1993). Further, AFDC/TANF recipients who cannot meet work requirements because they are working in an “off-the-books” job may also look to SSI for benefits. Some have suggested that new work requirements under TANF have significantly reduced caseloads because recipient parents cannot continue their unreported jobs and meet new work requirements at the same time, and the earnings from their previously unreported jobs disqualify them (Vobejda and Havemann, 1997).

Third, the combination of tighter eligibility requirements and relatively small AFDC/TANF benefits may make SSI a more attractive alternative for cash transfers. Even though SSI benefits have been greater than AFDC/TANF benefits in the past, many AFDC/TANF recipients (parents and children) may have qualified for SSI but not applied because of ignorance or because they were deterred by the application process. If SSI benefits are viewed as substitutes for AFDC/TANF benefits, the combination of lower benefit levels and tighter eligibility requirements of AFDC/TANF may induce significant numbers of AFDC/TANF recipients to apply for SSI. There is evidence of similar substitution effects from general assistance (GA) to SSI in states that significantly cut their GA programs in the early 1990’s (Stapleton et al., 1998). These transitions will be mitigated to some extent because of the direct impacts of SSA reforms for children and drug addicts and alcoholics.

Fourth, denial of TANF (and Food Stamp) benefits for certain drug-related convictions may increase reliance of those with a drug-related conviction and a disability on the SSI program. An individual convicted of a felony for illegal possession, use, or distribution of a drug is barred from receiving TANF and Food Stamp benefits. Some people with prior convictions will turn to disability programs, because they are not eligible for TANF and Food Stamps. The effect of this non-SSA welfare reform will be mitigated by the direct effects of the removal of DA&A as a qualifying condition for disability.

Finally, the institution of work requirements under TANF should increase the number of individuals who satisfy the work requirements of DI (and later, Old Age Survivors Insurance) that could eventually cause some shifting of caseloads from SSI to DI. The institution of work requirements under TANF, if successful, will push more individuals into the workforce. This workforce experience for those who become disabled in the future will allow some to qualify for DI. Many such individuals are likely to have limited earnings, however, and their DI benefits may be low enough for them to also obtain some SSI benefits. In such cases, DI benefits reduce SSI payments dollar for dollar, apart from a \$20 disregard for all unearned

income, so the effect is to shift spending from SSI to DI. In other cases, DI benefits may exceed the maximum SSI benefits, resulting in both a shift of costs from SSI to DI and an increase in total payments.

2. Food Stamp Changes

The Food Stamp program changes that tightened eligibility requirements for able-bodied adults may induce some recipients to apply for an SSA disability program to replace the loss of benefits. The institution of work requirements and time limits for able bodied adults will reduce the number of people eligible for Food Stamps and may encourage some individuals with disabilities to apply for SSI and/or DI. The magnitude of this shift is likely to be very small for two reasons. First, some individuals with disabilities will be able to retain their eligibility for Food Stamps by demonstrating that they have a disability without becoming SSI or DI beneficiaries. Second, the benefits from SSI and/or DI are not substitutes for Food Stamps because they are paid in cash and are generally much larger than benefits for Food Stamps. Individuals with severe disabilities who might rely on Food Stamp benefits are most likely either already enrolled in a disability program or reliant on another primary income source.

The Food Stamp program changes that restricted benefits for legal aliens could induce some legal aliens who were in the country prior to the passage of PRWORA to apply for an SSA disability program to replace the loss of benefits. These restrictions, however, will likely have a negligible impact on SSA disability programs for many of the reasons described above. Further, the Agricultural Research, Extension, and Education Reform Act of 1998, as of November 1, 1998, broadened the definition of qualified aliens used in determining food stamp eligibility and restored eligibility to many aliens who might be eligible for SSI (i.e., aged, disabled, and blind legal aliens who arrived in the United States prior to August 22, 1996).

Reductions in the value of Food Stamp benefits for those who continue to be eligible will have a negative impact on the well-being of many SSI recipients. Such changes could also, in principle, have a differential effect on individual well-being under the next best alternative to SSI, and therefore have an impact on the decision to apply for SSI. Differences in effects are likely to be very small in almost all cases, and any impact on applications and allowances is very likely to be negligible.

3. Multiple Program Changes/Other

The new tougher child support enforcement by states may induce some movements by AFDC/TANF recipients who are looking to avoid child support enforcement to SSI. AFDC/TANF and SSI recipients have a strong incentive not to report earnings and income from other sources (e.g., child support) because it reduces their cash assistance. AFDC/TANF recipients with significant unreported income who also have disabilities will find SSI an especially attractive alternative, because there are no work or child support enforcement requirements for SSI recipients. The size of this effect will likely be small, but will depend on the extent to which states exempt parents with disabilities or parents of children with disabilities from work and other requirements.

The magnitude of the effects from the non-SSA welfare reforms on SSA programs will depend substantially on how states actually implement them. Aggressive implementation of work requirements for both TANF and Food Stamps, aggressive implementation of child support enforcement requirements, and aggressive implementation of time limits on benefits will all increase the impact. The size of the impact also will depend on how aggressive the state has been in these areas in the past.

IV. APPROACH TO DEVELOPING EVALUATION DESIGN OPTIONS

In developing the final options for evaluating the effects of the SSA and non-SSA reforms on the DI and SSI programs presented in this report, we conducted a number of activities intended to provide a variety of information that would facilitate the development of the evaluation options. These activities include: a major review of literature and other information; a review of ongoing and proposed state and other welfare reform evaluation efforts; site visits in five states; and the analysis of SSA administrative data by itself, and matched to data from the SIPP. In the sections below, we briefly describe each of these activities. With the exception of the literature, the findings from each of these activities are presented in subsequent chapters and appendices of this report. The findings from the literature review were presented in a previous report for the project entitled *Literature Review and Study Design Report* (Lewin, 1998b).

A. Literature Review

We reviewed and synthesized literature and substantial other material of relevance to the project for the purposes of:

- improving our understanding of reforms and the legislative and programmatic history underlying them;
- developing a conceptual framework to support the analysis of options; and
- understanding the strengths and limitations of various analysis options and the data needed to support them.

Based on this review and synthesis, we further developed a subset of the preliminary options first presented in the *Literature Review and Study Design Report*. The literature review also contributed to the development of plans for the analyses of SSA administrative data and data from the Survey of Income and Program Participation (SIPP) presented in this report, which further supported the development of the final evaluation options presented.

B. Review of Welfare Reform Evaluations

One approach to evaluating the effects of non-SSA reforms on SSI and DI is to build on existing or planned efforts to evaluate state welfare reform initiatives. For this reason, we reviewed a substantial number of planned or ongoing welfare reform assessments in order to identify opportunities for learning about the effects of those reforms on SSI and DI. The criteria we used in selecting the assessments for review include the following: the likely impact on SSI or DI of the reforms included in the assessment; evaluations of leading-edge programs enabling early assessment of TANF changes, such as benefit time limits; the quality of the design for determining the impacts of program changes; and broad assessments that provide information of

relevance beyond specific states, particularly if they include information on participation in other programs.

C. State Site Visits

We conducted three-day site visits to each of five states: California, Connecticut, Florida, Michigan, and Wisconsin. The primary purpose of the visits was to gain a better contextual understanding of the impact of non-SSA welfare reforms on SSA programs. A second purpose of the visits was to obtain detailed information on: on-going welfare evaluations of interest; the availability of state or local administrative or survey data; and the potential for linking the state data to SSA administrative data. The nature and availability of state-level data on the populations affected by the legislation have implications for some of the potential study designs for quantitatively assessing the impact of non-SSA welfare reform on the SSA programs.

In selecting the five states, we considered the following factors: size of the welfare population; “interesting” state waiver provisions outside the basic federal requirements; program time limits; stringent work requirements; availability of transitional Medicaid or child care; subsidized employment opportunities; evidence of past shifting of welfare recipients from state to federal rolls; and region of the country. In each state, we conducted interviews with representatives from the following types of agencies and organizations: entities conducting state AFDC waiver and demonstration projects in effect prior to the passage of PROWRA; state TANF programs instituted after PROWRA; state and local General Assistance programs; state Medicaid programs; SSA field offices; and advocacy groups and local service providers.

D. Analyses of the Pre-Reform Period

We conducted two analyses of the pre-reform period. In the first, we examined national and state adult SSI disability application trends, by sex and age, for the period from 1988 to 1997. This includes both descriptive analysis and pooled time-series analysis of the state-level data. In the second, we used data from the 1990, 1991, 1992 and 1993 SIPP panels matched to SSA administrative data. This includes both descriptive analyses and econometric (hazard) analyses of SSI applications and allowances. The SIPP analyses make use of the fact that we can observe the entire SSI participation history of each respondent in the administrative data.

Several important findings emerge from this analysis. First, there was very substantial flow of program participants from AFDC to SSI during the pre-reform period. Of the young women (age 18 – 40) who were AFDC recipients when first observed in the SIPP panels, 7.5 percent were eligible for at least one SSI payment in the 1996-97 period. Some of these women (about two percent) had received SSI income before they were observed in SIPP, but most had not. While this is a relatively small share of AFDC recipients, the number of people it represents is large relative to the number of young female SSI recipients. For instance, it is nearly half as large as our estimate of the average young female SSI caseload in the 1990 – 1993 period.

The numbers are larger for children who were identified as AFDC recipients via SIPP. The number of these children who received an SSI payment in 1996-97 is almost 80 percent of the estimated average child SSI caseload in the 1990 – 1993 period. The strength of the finding for children is not surprising, given *Zebley* and subsequent changes to the child eligibility criteria.

The strength of the finding for young women is more difficult to explain. It could be attributable to historically high transitions from AFDC to SSI. We found, however, that only 24.6 percent of young women who were SSI recipients when observed in SIPP reported past AFDC receipt. In contrast, of those young women who received first SSI allowances after they were observed in SIPP, 42.7 percent were past AFDC recipients. We did not find any evidence that AFDC reforms prior to PRWORA had contributed to this shift, although this possibility cannot be ruled out on the basis of our analysis.

We also found that it is very difficult to disentangle the causes of SSI application and allowance growth from 1988 through 1993, or the sharp declines thereafter. The economy, aging of the baby boom generation, and various state and federal policies are clearly significant contributors to this pattern. We do not, however, have very good knowledge about their relative importance, as well as the importance of other factors (e.g., changes in the number of families in female-headed households). This makes it problematic to use analysis of this period for the purpose of generating the counterfactual SSI outcomes in the post-reform period. Although future efforts may be more successful in explaining past growth than the exploratory analysis reported here, the findings have discouraged us from recommending pooled time-series analysis of state data as a primary methodology for the evaluation.

The econometric analysis of applications and allowances using the four matched SIPP/SSA samples (pooled) demonstrates that this type of analysis is feasible, and provides a foundation for a viable evaluation option. Many of the characteristics of SIPP respondents who are at-risk for SSI when they are first observed are predictive of later SSI applications and allowances. These include education, family status, program participation and income variables as well as self-reported disability and health.

The econometric analysis also provides evidence of an upward shift in the probability of SSI application among young mothers relative to the corresponding probability for other young women from 1991 to 1995, but a downward shift of roughly equal magnitude from 1995 to 1997. Similar findings exist for men. The analysis also shows that it is difficult to identify the cause of such shifts via this methodology. A major limitation of the analysis is that the number of applications or allowances from the pooled SIPP samples in each state are too small in each year to precisely estimate the effects of state factors, including welfare reforms.

V. STRUCTURE OF THE REPORT

The remaining chapters of this report are organized as follows:

- In **Chapter 2**, we present a summary of the findings from the review of state and other welfare reform evaluations. Additional information on these evaluations is also contained in **Appendix B**.
- In **Chapter 3**, we present a summary of the findings of the site visits in five states. Full reports for each state are provided in **Appendix C**.

- In **Chapter 4**, we present a summary of the findings from analyses of national and state-level SSI application trends during the pre-reform period. Additional data and information from these analyses are presented in **Appendix D**.
- In **Chapter 5**, we present a summary of the findings from analyses of matched SSA administrative and SIPP data that allow the direct measurement of transitions from AFDC to SSI and analysis of the characteristics of SSI and AFDC recipients. Additional data and information from these analyses are presented in **Appendix E**.
- We conclude in **Chapter 6** with a presentation of the options developed to evaluate the effects of the non-SSA and SSA reforms on the disability programs. These include options using SSA administrative data; using matched SIPP/SSI data; using existing welfare reform evaluations; and through the tracking of transitions to SSI in specific states. Technical notes are in **Appendix F**.

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